

Jobs and Skills

Section 1: Introduction

WHAT IS THIS?

City Goal Results Minneapolis roundtables are focused on answering the question “are we there yet?” by reporting progress on our community indicators. These reports are analytical in nature and focused on making connections with cross-sector data. Creating these reports requires input from multiple departments and, in many cases, external participants. The goal of this initiative is to reflect the realities being experienced in our communities. The objectives of the report and roundtable are to 1) have a new and different understanding of the indicator and 2) think differently about solutions.

This Jobs and Skills report is the second in a two-part series on economic security. It is centered around two indicators: educational attainment and employment in the 20 broad NAICS (North American Industry Classification System) sectors. The first part of the series focused on the long-term trends of the poverty rate, unemployment rate, and average monthly earnings indicators rather than short-term fluctuations. These macro trends are heavily influenced by government policies and tend to be outside the scope of a single investment or intervention. This Jobs and Skills report focuses more on the path individuals take into the job market, employment sector trends, and the disparities in employment due to bias and discrimination in the labor market.

This report was created with participation from the Minneapolis Community Planning and Economic Development Department.

WHY EDUCATIONAL ATTAINMENT?

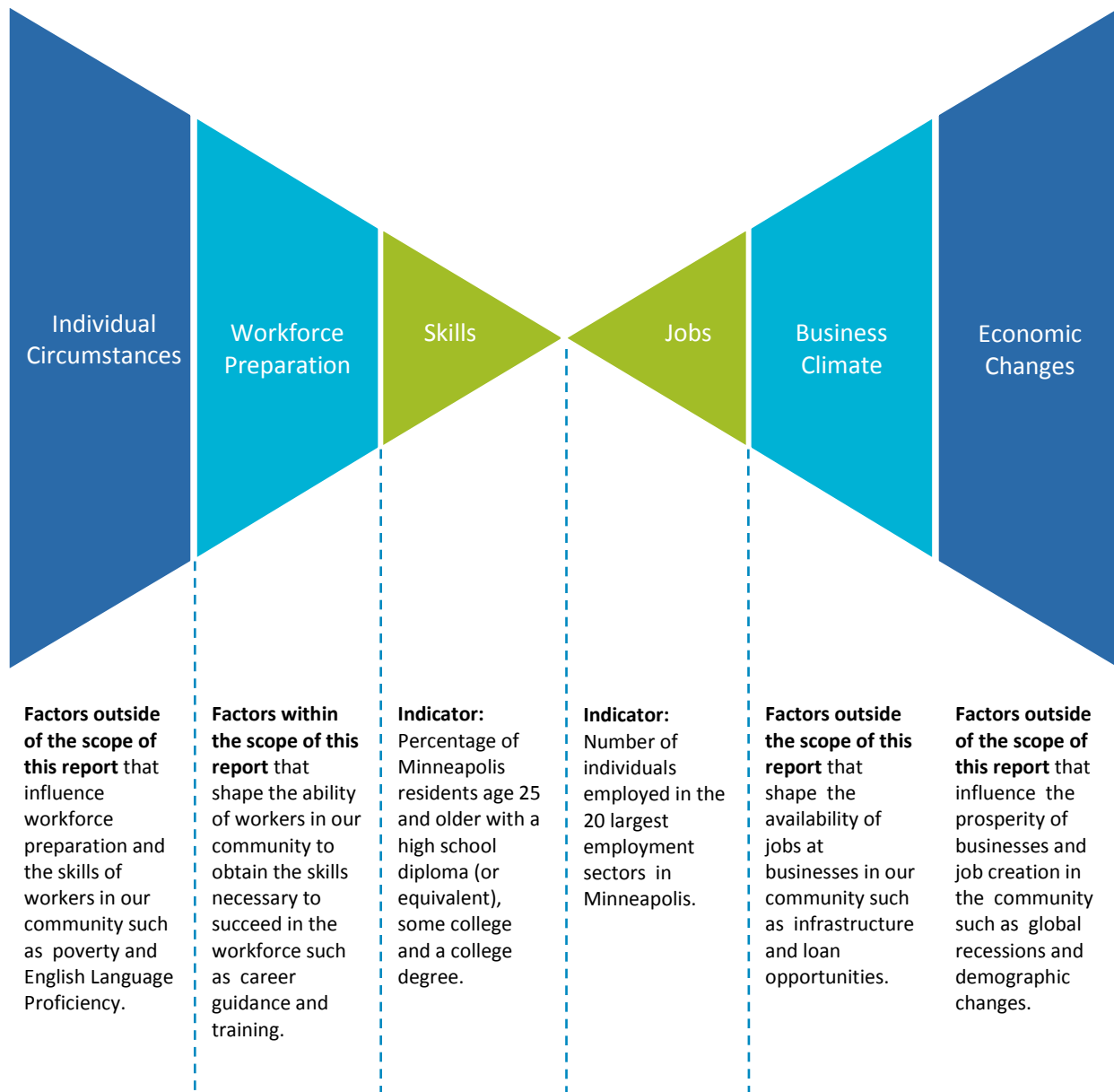
Educational attainment measures the level of education completed by a person living in a particular area. It is a long-term indicator of the investment made in developing the knowledge, talents, skills, training, and experience possessed by an individual, and it provides an assessment of the overall quality of life, workforce preparedness, and economic potential of the city. The City of Minneapolis has an interest in the educational attainment of its residents because it is positively associated with important outcomes in employment, poverty, and average monthly earnings, which are major factors in determining whether or not an individual or family has economic security. Structural factors such as institutional racism, which have resulted in racial economic disparities and racial disparities in access to educational resources, play a consequential role in contributing to the racial disparities that exist in educational attainment outcomes in Minneapolis.

WHY EMPLOYMENT?

Employment in this context reflects the number of individuals employed in the 20 broadest employment sectors in Minneapolis. The NAICS (North American Industry Classification System) sectors were selected

because they are a foundational coding system used in many other systems, which means we can collect, compare, and analyze data across multiple dimensions. It is important to know how many people are employed in the city and in which employment sectors in order to understand how the City of Minneapolis can better support both the development of businesses and the residents that make up the workforce in ways that improve the business climate and reduce racial and gender disparities in the labor market.

Section 2: Framework



Section 3: Report

THERE ARE LARGE DISPARITIES IN EDUCATIONAL ATTAINMENT THAT LEAVE AFRICAN-AMERICAN, LATINO AND AMERICAN INDIAN RESIDENTS WITHOUT THE SAME ECONOMIC OPPORTUNITIES AS WHITE AND SOME ASIAN RESIDENTS.

Students of color are overrepresented in state colleges and private career schools and underrepresented in four-year public or private institutions that are associated with better employment outcomes and higher wages (Minnesota Office of Higher Education).

Students of color, students with limited English proficiency, and students from low-income families are more likely to be enrolled in developmental (remedial) education courses, which means they must spend additional time and money to catch up to their peers (Minnesota Office of Higher Education).

MORE EDUCATION GENERALLY LEADS TO BETTER JOB OPPORTUNITIES, BUT THE SECTORS STUDENTS GO INTO AND BROADER ECONOMIC FACTORS ALSO INFLUENCE HOW WELL A GIVEN DEGREE TRANSLATES TO A WELL-PAYING JOB.

Higher levels of educational attainment typically improve employment and earning outcomes, but there are exceptions. For instance, more individuals with legal certificates were employed full-time shortly after graduation than those with a higher degree, like an associate's or a bachelor's, in a similar field and their wages were similar. In contrast, there was little difference in employment outcomes between students with a bachelor's and a graduate degree in education.

The wage premium of a graduate degree varies across fields of study. Graduate degrees in fields such as engineering, computer science, and business management have a high return on investment compared to a bachelors degree in the same fields of study.

Soft skills like collaboration and negotiation are increasingly critical for doing a job well and advancing in a career, but educational programs typically underemphasized soft skills compared to hard skills (USAID).

PEOPLE OF COLOR ARE DISPROPORTIONATELY REPRESENTED IN CERTAIN EMPLOYMENT SECTORS IN MINNEAPOLIS.

The healthcare sector employs the largest number of people in Minneapolis, and disproportionately more black or African American workers. When groups of workers are concentrated in a sector, they become vulnerable to major economic shifts within that sector, particularly if they primarily work in low-paying occupations.

These disparities exist in other sectors as well and point to people of color disproportionately working in sectors that likely have lower median wages. People of color are roughly twice as likely to be employed in the Administrative and Support and Waste Management and Remediation Services sector. White people were approximately twice as likely as people of color to be employed in Minneapolis jobs in the Professional, Scientific and Technical Services sector, the Finance and Insurance sector, and the Management of Companies and Enterprises sector.

OCCUPATIONS WITH LOW STARTING WAGES MIGHT HAVE FEWER BARRIERS TO ENTRY, BUT COULD LIMIT WORKERS' ECONOMIC OPPORTUNITIES IF THERE IS NOT ALSO ROOM FOR UPWARD MOBILITY.

Analyzing the types of jobs individuals have within sectors yields a richer picture of employment opportunities in Minneapolis than just looking at sectors as a whole. While an employee's sector represents the kind of work the individual's employer or business does, an employee's occupational category represents the kind of work that individual does within their organization.

Some occupational categories have a variety of jobs that span the entire earning spectrum while jobs in other categories are clustered at the low end. For example, some occupations in Healthcare Practitioners and Technical Occupations and Management Occupations have high median wages. In other categories, such as Personal Care and Service Occupations and Food Preparation Occupations, most jobs are clustered at the low end of the earning spectrum.

Starting wages can indicate how difficult it is to enter a given occupation. Individuals that need to get a job immediately might end up taking a lower paying job that doesn't require as much education or training.

The distribution of wages between the lowest and highest earners in an occupation reflects the level of opportunity an individual has to stay in that job and increase their earnings over time. Some large occupations like Waiters, Personal Care Aides, and Cashiers have a very low distribution of wages. Many of the jobs with the widest distribution of wages also have high starting wages and employ fewer people, meaning they are more difficult jobs to get.

INDIVIDUALS DON'T JUST NEED HELP FINDING WORK, THEY NEED HELP FINDING WORK THAT ALLOWS THEM TO SUPPORT THEMSELVES AND THEIR FAMILIES.

The number of people working part-time compared to full-time is higher in Minnesota than in most other states. Minnesota's U6:U3 ratio compares the number of underemployed individuals with the standard unemployment rate and illustrates that the state's low overall unemployment masks high underemployment.

Minnesota has a higher percentage of people with multiple jobs than the Midwest region or the United States as a whole. Having a high percentage of people with multiple jobs could mean that there is a shortage of full-time opportunities or that available full-time jobs don't pay enough for workers to make ends meet.

CITY WORKFORCE DEVELOPMENT PROGRAMS ARE ONE STRATEGY FOR CONNECTING PEOPLE TO JOBS, BUT THERE ARE CLEAR RACIAL AND GENDER DIFFERENCES IN WHO PARTICIPATES IN THOSE PROGRAMS AND THEIR OUTCOME.

The Dislocated Worker program serves a very different group of people than Minneapolis Works, Train to Career, and WIOA Adult. People of color make up the majority of individuals participating in the City's Minneapolis Works, Train to Career and WIOA Adult programs. Participants in these programs also typically have lower educational attainment. In contrast, participants in the Dislocated Worker program are more likely to be white and have a higher level of education.

Most of the participants in the City's four workforce development programs leave because they got jobs. However some of the jobs they enter have a low distribution of earnings which means workers could hit a pay ceiling. For example, transportation and construction jobs typically have lower starting wages and less room for wage growth.

Most of the City's workforce development programs help individuals gain new skills and jobs by providing short-term training for entry-level employment. Getting workers immediately attached to the labor force is an important part of boosting employment. Occupations with lower starting wages but large opportunities for wage growth could be valuable targets for the City's programming.

PAY INEQUITY PERSISTS ACROSS MINNEAPOLIS EMPLOYMENT SECTORS FOR WOMEN AND PEOPLE OF COLOR REGARDLESS OF THEIR RELATIVE CONCENTRATION IN A GIVEN SECTOR.

Increasing labor force participation does not result in equitable employment outcomes. One common strategy to reduce or eliminate employment disparities has been to simply increase the number of employees from disadvantaged groups, such as women and people of color, in an employment sector. However, this strategy does not appear to reduce disparities in pay within individual employment sectors.

These pay inequities could be the result of women and people of color being paid less than their coworkers in similar positions, occupying lower-paying positions within a sector, being passed over for promotions, or some combination of these factors.

EVEN IF THE EDUCATION SYSTEM FUNCTIONED COMPLETELY EQUITABLY, OR IF CITY PROGRAMS SUCCESSFULLY CONNECTED EVERY UNEMPLOYED WORKER WITH A JOB, DISCRIMINATION IN EMPLOYMENT WOULD STILL PREVENT PEOPLE OF COLOR AND WOMEN FROM ACHIEVING EQUAL EMPLOYMENT OUTCOMES COMPARED TO THEIR WHITE AND MALE PEERS.

Bias and discrimination in hiring, retention, and promotion reduce opportunities available to people of color and can undermine efforts to address employment and wage disparities. Data from the Minneapolis Department of Civil Rights shows that racial discrimination is the single most common reason Minneapolis residents file a discrimination complaint. Additionally, residents overwhelmingly file complaints in relation to discrimination in employment over other areas such as real estate, public accommodations and public service.

Network hiring is one example of a practice that can reinforce existing racial and ethnic inequalities in the work place. The most common way people are hired is through social networks. Nationally, 36% of hires come from internal sources and 22% of all hires come from an employee referral. White individuals are more likely to identify employment opportunities through referrals from relatives and friends, avenues that are more likely to lead to higher-paying positions. (National Institute of Health)

Helping individuals enter or re-enter the job market is important. But this approach runs the risk of becoming transactional in nature, focusing on passing individuals along an assembly line rather than addressing the underlying reasons for disparate outcomes in educational attainment and employment that create the need for the City's workforce development programming.

Questions

1. Equipping people with the right skills for well-paying jobs is especially difficult because Minneapolis has a broad mix of industries and deep disparities in education and employment. What strategies could the City employ to match more people of color and more women with well-paying jobs and to help them advance in those jobs?
2. The period of labor shortage we are currently facing creates an opportunity for the City to connect with businesses that want to find and retain diverse talent. How can the City capitalize on this opportunity to engage with businesses to grow an inclusive workforce?
3. At this time, the City has more mechanisms available to influence individuals entering the workforce than it does to support businesses trying to hire, retain and promote a diverse workforce. What would it take to reduce the systemic disparities that influence the skills people obtain and the jobs people get? How high a priority is this, considering the many other requests the City asks of Minneapolis businesses?

If you have questions or comments, please contact Andrea Larson (Andrea.Larson@minneapolismn.gov) or Laurelyn Sandkamp (Laurelyn.Sandkamp@minneapolismn.gov).